

MEMORANDUM

TO: Ohio Valley Staff

FROM: Doug Baillie

DATE: November 10, 2000

RE: 2001 Business Plan: Strategy and Tactics

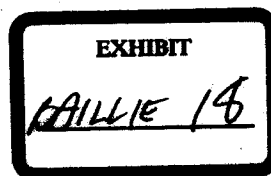
The Ohio Valley Region has had a challenging and exciting year in 2000. You have all contributed to significant achievements and improvements in the following areas:

- New Business
- Retention
- Rate
- Growth(particularly in high profit lines such as International, TIS, CAS, PL, DFI, Surety and even Executive Risk)
- Product Mix
- MVI Implementation
- Account Management
- Agency Management
- Service Improvement
- CPR
- Staff Development
- Diversity
- Community Involvement

Unfortunately profit has seriously eluded us. Returning to and maintaining profitability is not an easy or short-term fix. If we stay focused on our core goals and objectives we will turn profit around. The following areas will be of greatest importance to accomplish this profitable growth:

UNDERWRITING:

- Rate, rate and more rate. Our accident numbers indicate we are still woefully inadequate in this area. Keep pushing the envelope.
- Don't forget exposure increases and insurance to value.
- Re-underwrite or non-renew distressed business.
- Write well managed and well priced business.
- Flawlessly carryout and fine tuning of Ohio Uninsured Motorist and Stop Gap gameplans.
- All departments to receive above average audit reviews.



000104

MARKETING:

- Communication of our message and strategy to our agents and customers clearly and often will be critical to success.
- Develop joint documented gameplans with our agents that address:
 - Rate objectives to growth
 - Growth in high margin lines
 - Loss ratio issues
 - Cashflow problems
 - Opportunities
 - etc.
- Improve retention of key accounts through effective documented account management to insure:
 - Insured understands our rate increase rationale
 - Improved relationships by getting closer to customers
 - Entire team is focused and on same page with agenda
 - Understand insureds' service needs and meet them through our continued superior loss control, claims and customer service
 - Make tangible our service
- Continue to build prospect system to contribute and insure future profitable growth.
- Leverage Chubb's strengths for a competitive advantage to include:
 - Financial stability
 - Marketing stability
 - Customer Service Department
 - Claims
 - Loss Control - risk consultants
 - Superior forms
 - Global capacity
 - Local representation
 - Wide variety of coverages
 - Best staff
 - etc.
- Institutionalize teamwork and synergy through:
 - Team travel
 - Cross-selling
 - Team training
 - Account management
 - Agency management
 - Communication through marketing meetings and trip reports

000105

HUMAN RESOURCES:

The superiority of our people and the knowledge and skill they carry will be the greatest competitive advantage over the next decade. The skillful management of these most vital resources will be critical to obtaining profitable growth. Below are the key areas we should concentrate on in 2001:

- Continue to buildout infrastructure in high margin departments such as Technology Insurance Specialty, Casualty and International.
- Productivity and expense management through the efficient use and development of our staff by:
 - Staff development goals for all employees
 - 40 hours of focused training for all employees
 - emphasis on leadership training for all managers to improve leadership, managerial and coaching skills
- Effective and efficient use of the performance management process including goals, appraisals, competency assessments.
- Continued execution of diversity initiatives to insure we are getting the best people, sharing a variety of new and different ideas and creating an open and learning environment.
- Continue to improve our community involvement to serve the community, give Chubb a greater profile and improve branch teamwork.

SUMMARY:

I am proud of your accomplishments in 2000. We continue to have the best infrastructure, staff, agency plant and account relationships in the industry. These gaps were significantly widened this year. The implementation of the above tactics and strategy will further widen that gap, giving us the competitive advantage we need to provide Chubb with continued and consistent profitable growth. I look forward to working with all of you to accomplish this task.

000106